

SCHOOL BUDGET REVIEW COMMITTEE

Summary of Action

January 21, 2015

The School Budget Review Committee met in regular session on Wednesday, January 21, 2015, at the Department of Education, Grimes State Office Building, 400 East 14th Street, Des Moines, Iowa 50319-0146. The follow members of the Committee were present: Director Brad Buck, Department of Education, Director Dave Roederer, Department of Management, and public members: Leland Tack, Gretchen Tegeler, and Keith England. Public member Gina Primmer was absent. The director of the Department of Education is a non-voting member and the chair. Votes were unanimous unless otherwise noted.

All decisions by the Committee shall be made in accordance with reasonable and uniform policies which shall be consistent with Iowa Code (IC) chapter 257. All such policies of general application shall be stated in rules adopted in accordance with chapter 17A. The Committee shall take into account the intent of chapter 257 to equalize educational opportunity, to provide a good education for all the children of Iowa, to provide property tax relief, to decrease the percentage of school costs paid from property taxes, and to provide reasonable control of school costs. The Committee shall also take into account the amount of funds available (IC 257.31(10)). The SBRC shall review a school district's unexpended fund balance prior to any decision regarding unusual finance circumstances. The SBRC shall review a school district's unspent balance prior to any decision to increase modified supplemental amount under subsection 257.31(5).

1. Committee Informational Items

Unspent Balances. The preliminary list by district of fiscal year 2014 unspent balances (unspent budget authority) in the General Fund was reviewed by the Committee. The balances were reported pending further Department review. Thirteen districts had a negative unspent balance.

Note of Explanation: Incurring a negative unspent balance is an illegal act (IC 257.7) and constitutes unprofessional and unethical conduct under the Board of Educational Examiners (BoEE) standards of professional conduct and ethics (IAC 282—25.3).

Corrective Action Plans for Late Filers of financial reports. The Committee received the list of criteria used to determine the districts that could be represented by the department without the district present.

Limited English Proficiency (LEP) detail. The Committee reviewed the ELL/LEP enrollment as a percentage of student population by district.

Minutes. The Committee discussed board minutes as proof of action by the board.

Next regular hearings. Due to a conflict, the Committee rescheduled the next regular session for hearings to April 8, 2015.

2. Transportation Assistance

The decision of the Committee in this matter is to direct the Department to distribute the transportation assistance aid to the eligible districts on an equitable basis.

3. Supplementary Weighting

The decision of the Committee in this matter is to certify to the Department of Management the supplementary weightings pending further Department review.

4. AEA Special Education Support Services Balances

The decision of the Committee in this matter is to recommend to the Department of Education that no deductions be made from school district budgets for excess special education support services assigned and unassigned June 30, 2014, fund balances in the AEAs because none exceeds 10% of special education expenditures.

5. Special Education Balances

The decision of the Committee in this matter is to approve the requests for modified supplemental amount for the special education deficit for eligible districts that have made requests, to certify the positive and negative balances of special education funds for each school district to the Department of Management, and to direct the Director of the Department of Management to make the payments to school districts as outlined in Iowa Code subsection 257.31(14)“b”. In addition, the decision of the Committee is to direct the Department to analyze costs on a comparable basis and to conduct desk reviews and on-site reviews on districts identified as outliers in the analysis. Hubbard-Radcliffe was approved separately to allow Member England to recuse himself. \$84,485,471.

6. Special Education Weightings

This is an informational item and no action is required in this year.

7. Northeast Community School District

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year in the amount of \$3,480 for asbestos abatement, to deny modified supplemental amount for furnishing and equipping offices and the community fitness center, and to table the request for modified supplemental amount for the 2014-2015 school year for furnishing and equipping classrooms and for classroom technology infrastructure until the construction is complete and actual costs are known.

8. Clayton Ridge Community School District

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year in the amount of \$33,338 for the 2012-2013 special education deficit not previously requested due to an error in submission because the board had taken official action timely a year ago for the FY13 deficit.

9. Waverly-Shell Rock Community School District

The decision of the Committee in this matter is to accept, with reservations, the plan provided by the district and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

10. Colo-NESCO Community School District

The decision of the Committee in this matter is to accept, with reservations, the plan provided by the district and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

11. Lamoni Community School District

The decision of the Committee in this matter is to withhold state aid to the district until such time as the district files the corrective action plan in the format required of the district and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

12. Harmony Community School District

The decision of the Committee in this matter is to accept the plan provided by the district and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

13. Mormon Trail Community School District

The decision of the Committee in this matter is to accept, with reservations, the plan provided by the district and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

14. Southeast Polk Community School District

The decision of the Committee in this matter is to not accept the plan provided by the district and require the district to resubmit a plan at the April hearings that assures the Committee that the district will timely file in future years and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

During the hearing, the Committee requested that the board president or vice president attend the hearing in April.

15. Montezuma Community School District

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year in the amount of \$19,226 for the actual costs of asbestos abatement and removal.

16. Ankeny Community School District

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year in the amount of \$1,618,255 for initial staffing of a new elementary school.

17. Council Bluffs Community School District

The decision of the Committee in this matter is to table the district's request for modified supplemental amount for the 2014-2015 school year in the amount of \$1,463,049 for additional special education expenditures which were miscoded on the FY13 certified annual report (CAR), and therefore not included on the FY13 special education supplement (SES), until the district has worked with the Department to determine the allowable dollar amount.

18. On-Time Funding for Increased Enrollment Applications

The decision of the Committee in this matter is to approve on-time funding modified supplemental amount for the 2014-2015 school year for increased enrollment for all eligible districts making requests. \$30,866,110.

19. Open Enrollment Out Applications

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year for tuition costs incurred for open enrollment out students not included on the previous year's certified enrollment report for eligible districts making requests. Hubbard-Radcliffe was approved separately to allow Member England to recuse himself. \$23,362,025.

20. Limited English Proficiency Applications

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year for the costs of providing instructional services to limited English proficient students being served beyond the five years of weightings for eligible districts making requests. \$6,205,941.

21. Excess Costs of Providing the Limited English Proficiency (LEP) Program

The decision of the Committee in this matter is to approve modified supplemental amount for the 2013-14 school year for the costs of providing additional instructional services to limited English proficient students in excess of weightings generated, modified supplemental amount granted or other resources in school year 2013-2014 which was not previously requested. \$9,475,100.

22. Orient-Macksburg Community School District

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year in the amount of \$23,384 as part of its corrective action plan and to receive its corrective action plan.

The district is directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY15 more than \$1,937,438, not including any allowable special education expenditures in excess of special education

receipts, plus actual miscellaneous income received. Miscellaneous income shall not be expended until received.

The district is directed to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request.

In addition, the decision of the Committee in this matter is to table the request for authority for the 2014-15 school year to make a permanent transfer from the General Fund to its Daycare Fund in the amount of \$91,051 until the required exhibits have been provided.

AYE: Roederer, Tack, England; NAY: Tegeler.

23. Columbus Community School District

The decision of the Committee in this matter is to table the district's request for modified supplemental amount for the 2014-2015 school year in the amount of \$183,017 as part of its corrective action plan and to direct the district to resubmit its corrective action plan at the April hearings with sufficient reductions in expenditures to end FY15 with a positive unspent balance.

The district is directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY15 more than \$7,616,437, not including any allowable special education expenditures in excess of special education receipts, plus actual miscellaneous income received. Miscellaneous income shall not be expended until received.

The district is directed to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request.

24. Corwith-Wesley Community School District

The decision of the Committee in this matter is to receive the district's corrective action plan, and to direct the district to reduce expenditures to the extent possible to maximize the amount of assets that will follow students and to direct the district to ensure that any categorical funding it has received that was not expended for that categorical purpose by the end of FY15 must not be expended for any other purpose, including cash flow, pursuant to BOEE professional standards.

The district is directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY15 more than \$1,276,377, not including any allowable special education expenditures in excess of special education receipts, plus actual miscellaneous income received. Miscellaneous income shall not be expended until received.

The district is directed to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request.

25. Laurens-Marathon Community School District

The decision of the Committee in this matter is to table the district's request for modified supplemental amount for the 2014-2015 school year in the amount of \$339,258 as part of its corrective action plan and to direct the district to resubmit at the April hearings a corrective action plan that is more accurate and results in a positive unspent balance at the end of FY15.

The district is directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY15 more than \$2,635,237, not including any allowable special education expenditures in excess of special education receipts, plus actual miscellaneous income received. Miscellaneous income shall not be expended until received.

The district is directed to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request.

26. Nodaway Valley Community School District

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year in the amount of \$112,595 as part of its corrective action plan and to receive the district's corrective action plan.

The district is directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY15 more than \$6,223,942, not including any allowable special education expenditures in excess of special education receipts, plus actual miscellaneous income received. Miscellaneous income shall not be expended until received.

The district is directed to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request.

27. North Butler Community School District

The decision of the Committee in this matter is to table the district's request for modified supplemental amount for the 2014-2015 school year in the amount of \$213,773 as part of its corrective action plan and to direct the district to resubmit the corrective action plan at the April hearings.

The district is directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY15 more than \$6,018,595, not including any allowable special education expenditures in excess of special education receipts, plus actual miscellaneous income received. Miscellaneous income shall not be expended until received.

The district is directed to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request.

28. Schaller-Crestland Community School District

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year in the amount of \$55,038 as part of its corrective action plan and to receive the district's corrective action plan.

The district is directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY15 more than \$3,612,237, not including any allowable special education expenditures in excess of special education receipts, plus actual miscellaneous income received. Miscellaneous income shall not be expended until received.

The district is directed to submit monthly reports to its board and to the SBRC demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the auditor on request.

29. Tri-Center Community School District

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year in the amount of \$480,244 as part of its corrective action plan and to receive the district's corrective action plan.

The district is directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY15 more than \$6,232,926, not including any allowable special education expenditures in excess of special education receipts, plus actual miscellaneous income received. Miscellaneous income shall not be expended until received.

The district is directed to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request.

30. West Monona Community School District

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year in the amount of \$176,258 as part of the district's corrective action plan and to receive the district's corrective action plan.

The district is directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY15 more than \$6,376,645, not including any allowable special education expenditures in excess of special education receipts, plus actual miscellaneous income received. Miscellaneous income shall not be expended until received.

The district is directed to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request.

31. Farragut Community School District

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year in the amount of \$803,010 as part of its corrective action plan, pending receipt of board minutes authorizing the request, and to direct the district to resubmit its corrective action plan at the April hearings with sufficient reductions in expenditures to end FY15 with a positive unspent balance. The Committee directed the district to adopt a plan to maximize the amount of savings in the shortest period of time.

The district is directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY15 more than \$2,002,533, not including any allowable special education expenditures in excess of special education receipts, plus actual miscellaneous income received. Miscellaneous income shall not be expended until received.

The district is directed to submit monthly reports to its board and to the SBRC demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the auditor on request.

32. Hamburg Community School District

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year in the amount of \$148,951 as part of its corrective action plan and to direct the district to resubmit at the April hearings a corrective action plan that shows sufficient changes to ensure that the district will complete FY15 with a positive unspent balance. The Committee directed the district to adopt a plan to maximize the amount of savings in the shortest period of time.

The district is directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY15 more than \$2,508,006, not including any allowable special education expenditures in excess of special education

receipts, plus actual miscellaneous income received. Miscellaneous income shall not be expended until received.

The district is directed to submit monthly reports to its board and to the SBRC demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the auditor on request.

33. North Union (Sentral) Community School District

The decision of the Committee in this matter is to approve modified supplemental amount for the 2014-2015 school year in the amount of \$263,345 as part of Sentral's corrective action plan and to receive the district's corrective action.

The district is directed to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request.

Note of Explanation: Sentral and Armstrong-Ringsted reorganized on July 1, 2014, to create the new district of North Union. Sentral had incurred a negative unspent balance at the end of fiscal year 2013-2014; Armstrong-Ringsted had a positive unspent balance. In a reorganization, the unspent balances of the districts are combined.

34. Twin Cedars Community School District

The decision of the Committee in this matter is to accept the plan provided by the district and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

35. Graettinger-Terril Community School District

The decision of the Committee in this matter is to accept the plan provided by the district and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

36. Marion Independent School District

The decision of the Committee in this matter is to accept the plan provided by the district and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

37. Melcher-Dallas Community School District

The decision of the Committee in this matter is to accept the plan provided by the district and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

38. New Hampton Community School District

The decision of the Committee in this matter is to accept the plan provided by the district and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

39. Tri-County Community School District

The decision of the Committee in this matter is to accept the plan provided by the district and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

40. East Buchanan Community School District

The decision of the Committee in this matter is to accept the plan provided by the district and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

41. Centerville Community School District

The decision of the Committee in this matter is to accept the plan provided by the district and to direct the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.